



## 2013 QUALIFIED EDUCATION EXPENSE TAX CREDIT

**The Qualified Education Expense Credit Cap for Calendar Year 2013 is \$58,000,000.00**

**May 7, 2013 - DOR has pre-approved \$45,519,376.42 for calendar year 2013.**

### HB 283 Changes

The Governor recently signed House Bill 283 which includes changes to the Qualified Education Expense Credit. In addition to increasing the annual cap to \$58 million, now an individual taxpayer who is a member of a limited liability company, a shareholder of a Subchapter 'S' corporation, or a partner in a partnership, may claim a credit up to the lesser of the actual amount expended or \$10,000 per tax year, whichever is less. However, the tax credits shall only be allowed for the Georgia income on which such tax was actually paid by such member of a limited liability company, shareholder of a Subchapter 'S' corporation, or partner in a partnership.

Please note the following with respect to the \$10,000 limit:

- If the individual taxpayer is a member, partner, or shareholder in more than one pass through entity, the total credit allowed cannot exceed \$10,000; the individual taxpayer decides which pass through entities to include when computing Georgia income for purposes of the qualified education expense credit.
- All Georgia income, loss, and expense from the taxpayer-selected pass through entities will be combined to determine Georgia income for purposes of the qualified education expense credit. Such combined Georgia income shall be multiplied by 6% to determine the tax that was actually paid.
- If the taxpayer is filing a joint return, the taxpayer's spouse may also claim a credit for their ownership interests and shall separately be eligible for a credit.
- If the taxpayer(s) chooses to be preapproved under this option, they are not allowed the additional amounts normally allowed an individual.
- If the taxpayer is preapproved for an amount that exceeds the amount that is calculated as allowed when the return is filed, the excess amount cannot be claimed by the taxpayer and cannot be carried forward.
- The new limit will be reduced by any 2013 amounts previously approved before the law changed.

The Department is working to update the Georgia Tax Center for the new pass through entity \$10,000 limit. In the meantime, those that want to apply should use the revised IT-QEE-TP1 Qualified Education Expense Credit Preapproval Form, which can be accessed at: <https://etax.dor.ga.gov/inctax/taxcredits.aspx>

Additional information can be obtained from the Department's proposed regulation which can be accessed at: [https://etax.dor.ga.gov/inctax/new\\_regulations.aspx](https://etax.dor.ga.gov/inctax/new_regulations.aspx)

HB 283 can be accessed at: <http://www.legis.ga.gov/Legislation/20132014/137066.pdf>

Any taxpayer who has additional questions should contact the Tax Credits & Incentives Unit at 1-877-423-6711.

### Other Qualified Education Expense Information

Effective **January 4, 2012**, the Georgia Department of Revenue now has an electronic option for applying for the Qualified Education Expense credit via the Georgia Tax Center (GTC) website.

All taxpayers desiring to apply electronically should go to the GTC website to log into their account.

**Disclaimer:** Taxpayers should not disclose their GTC login and password information to Student Scholarship Organizations (SSOs) by any means. This compromises the confidentiality of taxpayer information.



The mail-in option will still be available to submit Form IT-QEE-TP1 for pre-approval. Please mail applications to the address listed on Page 2 of the Form IT-QEE-TP1. This includes USPS, Fed-Ex, and UPS. We will use the postmark date stamped on the envelope of each application form as our receipt date.

Additionally, SSOs now have the electronic option of applying for the QEE credit on behalf of the taxpayer via GTC. SSOs will need to attach the taxpayer-completed and signed Form IT-QEE-TP1 to the electronic application before submitting.

If you are a registered Georgia taxpayer with the Department of Revenue, you will need to sign up for online access. For instructions on how to do so, please view the following instructional video:

<http://gataxinfo.org/Training%20Videos/BusinessVideos/set%20up%20online%20access.htm>

If you are not a registered Georgia taxpayer with the Department of Revenue, you will need to register as a new taxpayer in Georgia. For instructions on how to do so, please view the following instructional video:

<http://gataxinfo.org/Training%20Videos/BusinessVideos/Register%20New%20Taxpayer.htm>

The following information is needed for individual taxpayers to sign up for online access in GTC:

- Your Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)
- A valid e-mail address
- The Federal Adjusted Gross Income (FAGI) of the most current return filed for the past two tax years

Listed below are a few additional items as it relates to the Department of Revenue's QEE application process:

1. Pre-approval letters will be mailed directly to the taxpayer and the SSO. Taxpayers should make sure that the correct address is on file before applying for the credit. Additionally, letters can now be viewed and printed by the taxpayer via GTC.
2. If a taxpayer does not make their contribution within the 60-day window of pre-approval, the taxpayer will need to re-apply for the QEE credit.

If you have any questions regarding the electronic submission of Qualified Education Expense Credit applications, you can contact the Tax Credits & Incentives Unit at 1-877-423-6711.